

BARNEYS CANYON MINE
P.O. Box 311
Bingham Canyon, Utah 84006-0311
(801) 569-7200
FAX (801) 569-7190

David I. Hodson
General Manager

RECEIVED

SEP 16 1992

DIVISION OF
OIL GAS & MINING

m/035/009
DOGM
MINERALS PROGRAM
FILE COPY

Kennecott

September 16, 1992

Mr. Lowell P. Braxton
Associate Director, Mining
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: Barneys Canyon Mine Revised Reclamation Contract

Dear Mr. Braxton:

It was a pleasure to make your acquaintance at the meeting held to discuss the Barneys Canyon Mine permit revision on August 27, 1992.

As agreed to in the meeting, please find the revised reclamation contract and surety bond reflecting the latest permit changes tentatively approved by the Division of Oil, Gas and Mining for the Barneys Canyon Mine.

We are currently preparing the final revised plan incorporating the Division's requested changes and comments. The final permit revision document should be completed in time for the board meeting on September 23, 1992.

As previously discussed with members of your staff, we would like to obtain approval from the Division to clear, grub and strip the topsoil from the South BC South area as soon as possible (see attached map). Mining is scheduled to start in this area January 1993 and therefore it is imperative to complete topsoil stripping before freezing weather begins.

Will you please confirm that topsoil stripping may commence in October 1992 or contact me if you have any questions still to be resolved.

I would like to once again extend an open invitation to you and any members of your staff to visit the Barneys Canyon Mine site at your convenience.

Sincerely,



D. I. Hodson
General Manager

cc: W. C. Dodge

File Number M/035/009

Effective Date 10-20-92

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

DOGM
MINERALS PROGRAM
FILE COPY

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SEP 16 1992

RECLAMATION CONTRACT

---00000---

DIVISION OF
OIL GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/035/009
Gold

"MINE LOCATION":

(Name of Mine)
(Description)

Barneys Canyon Mine
8200 South 9600 West
P. O. Box 311
Bingham Canyon, Utah 84006-0311

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

928.2
(refer to Attachment "A")

"OPERATOR":

(Company or Name)
(Address)

(Phone)

Kennecott Corporation
10 East South Temple
P. O. Box 11248
Salt Lake City, Utah 84147
(801) 322-7000

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

CT Corporation System

50 West Broadway

Salt Lake City, Utah 84101

(Phone)

(801) 364-1228

"OPERATOR'S OFFICER(S)":

G. Frank Joklik, President

Michael P. Bates, Vice President

Robert A. Lonergan, Secretary

"SURETY":

(Form of Surety - Exhibit B)

Performance Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

SAFECO INSURANCE COMPANY OF AMERICA
Bond No.

"SURETY AMOUNT":

(Escalated Dollars)

\$3,020,000

"ESCALATION YEAR":

1997

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

9/8/92

B "SURETY":

9/8/92

9/15/92

C "CONDITIONED APPROVAL" 10/20/92

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/035/009 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

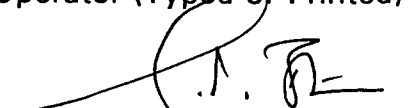
1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies

resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

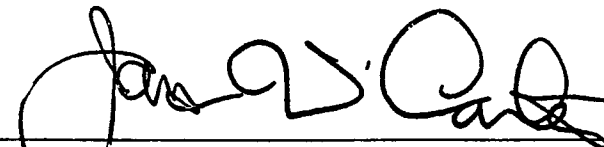
Kennecott Corporation
Operator (Typed or Printed)


Operator Signature

September 14, 1992
Date

SO AGREED this 20th day of October, 19 92.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

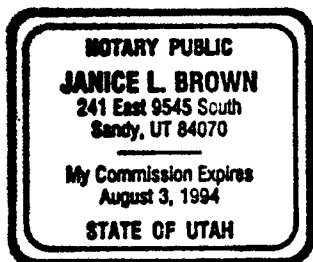
DIVISION OF OIL, GAS AND MINING:

By *Dianne R. Nielson*
Dianne R. Nielson, Director

10-20-92
Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 20th day of October, 19 92, personally
appeared before me, who being duly sworn did say that he/she, the said
DIANNE R. NIELSON is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledge to me that he/she executed the foregoing document by authority
of law on behalf of the State of Utah.



Janice L. Brown
Notary Public
Residing at: Sandy, Utah

August 3, 1994
My Commission Expires:

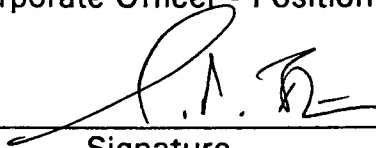
OPERATOR:

KENNECOTT CORPORATION

Operator Name

By Michael P. Bates, V.P. U.S. Mines
Corporate Officer - Position

September 14, 1992
Date

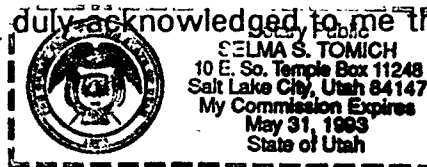

Signature

STATE OF UTAH)

) ss:

COUNTY OF SALT LAKE)

On the 14th day of September, 19 92, personally
appeared before me Michael P. Bates who
being by me duly sworn did say that he/she, the said Michael P. Bates
is the Vice President, U.S. Mines of Kennecott Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Michael P. Bates
company executed the same.




Notary Public

Residing at: Salt Lake City, Ut

May 31, 1993
My Commission Expires:

SURETY:

SAFECO INSURANCE COMPANY OF AMERICA
Surety Company

By Ingrid Nye, Attorney-In-Fact
Company Officer - Position

July 10, 1992
Date

Ingrid Nye
Signature

STATE OF Colorado)
) ss:
COUNTY OF Jefferson)

On the 10th day of July, 19 92, personally
appeared before me Ingrid Nye who
being by me duly sworn did say that he/she, the said Ingrid Nye
is the Attorney-In-Fact of SAFECO INSURANCE COMPANY OF AMERICA
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Ingrid Nye duly acknowledged to me that said
company executed the same.

Linda M. Shea
Notary Public Colorado
Residing at: 5840 E. 68th Way, Commerce City, CO 80027

My Commission Expires June 24, 1996.
My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

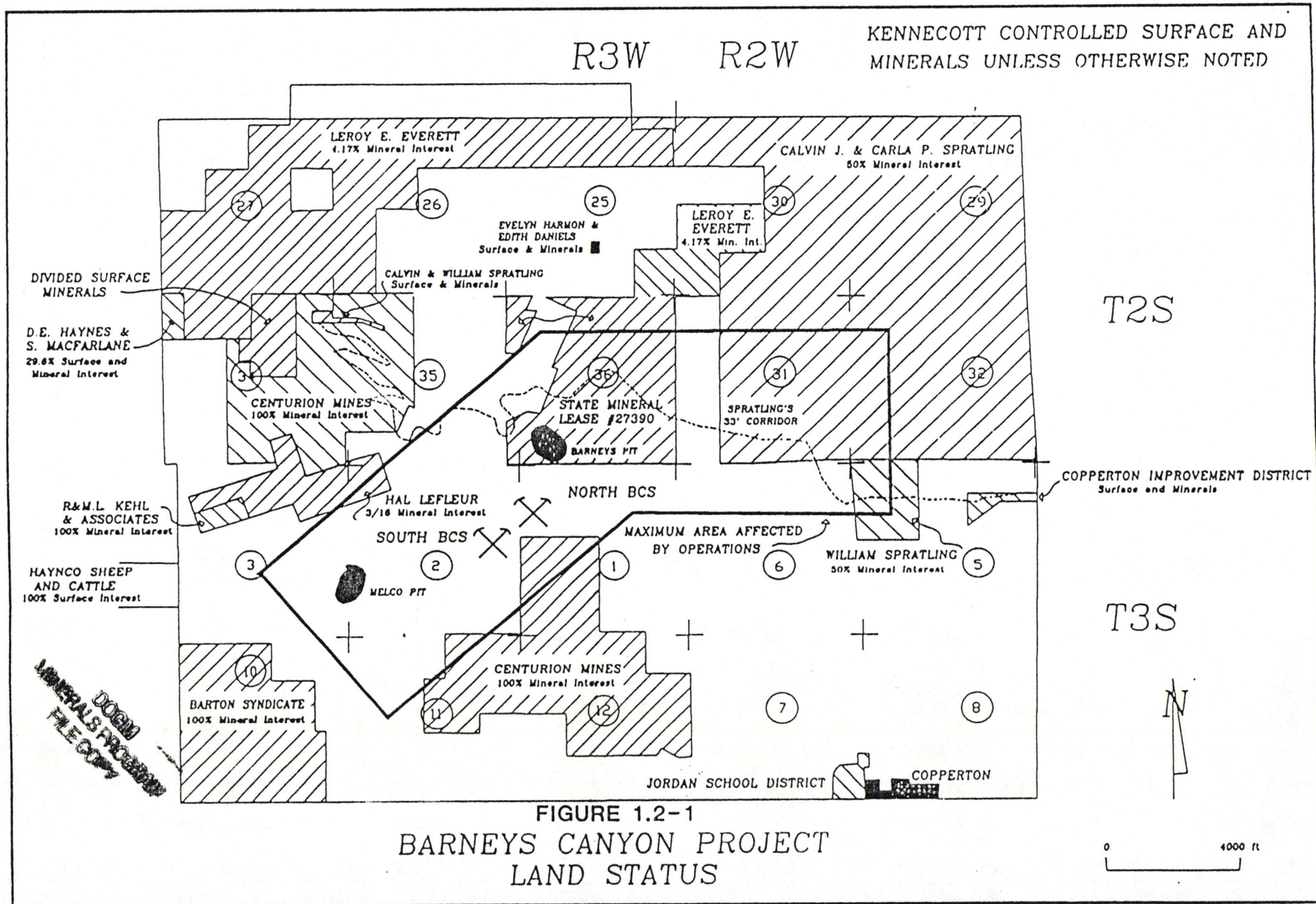
ATTACHMENT "A"

Kennecott Corporation
Operator
M/035/009
Permit Number

Barneys Canyon Mine
Mine Name
Salt Lake County, Utah

The legal description of lands to be disturbed is:

NE 1/4	of	NE 1/4	of	Section	10,	Township	3S,	Range	3W
All	of	NW 1/4	of	Section	11,	Township	3S,	Range	3W
NW 1/4	of	NE 1/4	of	Section	11,	Township	3S,	Range	3W
E 1/2	of	SE 1/4	of	Section	3,	Township	3S,	Range	3W
SE 1/4	of	NE 1/4	of	Section	3,	Township	3S,	Range	3W
All	of	S 1/2	of	Section	2,	Township	3S,	Range	3W
SW 1/4	of	NW 1/4	of	Section	2,	Township	3S,	Range	3W
SW 1/4	of	NW 1/4	of	Section	1,	Township	3S,	Range	3W
E 1/2	of	NE 1/4	of	Section	2,	Township	3S,	Range	3W
N 1/2	of	NW 1/4	of	Section	1,	Township	3S,	Range	3W
All	of	SW 1/4	of	Section	36,	Township	2S,	Range	3W
All	of	SE 1/4	of	Section	36,	Township	2S,	Range	3W
All	of	NE 1/4	of	Section	36,	Township	2S,	Range	3W
S 1/2	of	NW 1/4	of	Section	31,	Township	2S,	Range	2W
All	of	S 1/2	of	Section	31,	Township	2S,	Range	2W
W 1/2	of	SW 1/4	of	Section	32,	Township	2S,	Range	2W
NW 1/4	of	NW 1/4	of	Section	5,	Township	2S,	Range	2W
NE 1/4	of	NE 1/4	of	Section	6,	Township	2S,	Range	2W



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EXHIBIT B

MR FORM 5

October 1991

Bond Number _____
Permit Number M/035/009
Mine Name Barneys Canyon Mine

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED
SEP 4 1992

THE MINED LAND RECLAMATION ACT

DIVISION OF
OIL GAS & MINING

SURETY BOND

The undersigned KENNECOTT CORPORATION,
as Principal, and SAFECO INSURANCE COMPANY OF AMERICA,
as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors,
successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas
and Mining (Division) in the penal sum of Two Million Seven Hundred Thousand & No/100
dollars (\$ 2,700,000.00-----).

Principal has estimated in the Mining and Reclamation Plan approved by the Division
on the 8th day of September, 19 92, that 928.2 acres of
land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached hereto as "Attachment 1"

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance
therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase
in the area disturbed or the extent of disturbance, then, the Division may require that the
amount of this Surety Bond be increased, with the written approval of the Surety.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal to be performed prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

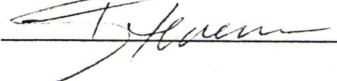
Date 7-20-92

KENNECOTT CORPORATION
Principal (Permittee)

By (Name typed): T. A. STEVENSON

By (Name typed): R. B. KENNEDY

Title: Vice President Control & Treasury Title: Assistant Controller

Signature: 


Signature: 

Date 7/10/92

SAFECO INSURANCE COMPANY OF AMERICA
Surety

By (Name typed): Ingrid Nye

Title: Attorney-In-Fact

Signature: 



POWER
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. _____

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

-----INGRID NYE-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 29th day of June, 1987.

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

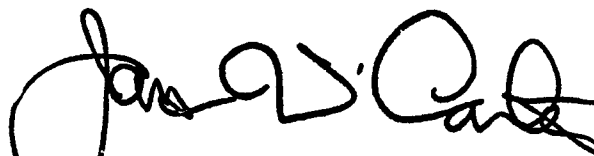
I, Boh A. Dickey, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 10th day of July, 1992.

SO AGREED this 20th day of October, 19 92.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

A handwritten signature in black ink, appearing to read "James W. Carter", written over a horizontal line.

James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Bond Number
Permit Number 14/000,009
Mine Name Barneys Canyon Mine

AFFIDAVIT OF QUALIFICATION

Ingrid Nye, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attorney-In-Fact of said Surety, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: Ingrid Nye
Surety Officer

Title: Attorney-In-Fact

Subscribed and sworn to before me this 10 day of July, 1992.

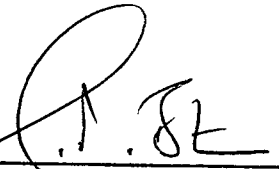
Linda M. Shea
Notary Public Colorado
Residing at: 5840 E. 68th Way, Commerce City, CO 80022

My Commission Expires:

My Commission Expires June 24, 1996.
 , 19

Bond Number _____
Permit Number M/035/009
Mine Name Barneys Canyon Mine

"ATTACHMENT 1"


Operator _____
M/035/009
Permit Number _____

Barneys Canyon Mine
Mine Name _____
Salt Lake County, Utah

The legal description of lands to be disturbed is:

See Attached

ATTACHMENT 1

Kennecott Corporation
Operator
M/035/009
Permit Number

Barneys Canyon Mine
Mine Name
Salt Lake County, Utah

The legal description of lands to be disturbed is:

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All	of	NW 1/4	of	Section	11,	Township	3S,	Range	3W
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E 1/2	of	SE 1/4	of	Section	3,	Township	3S,	Range	3W
SE 1/4	of	NE 1/4	of	Section	3,	Township	3S,	Range	3W
All	of	S 1/2	of	Section	2,	Township	3S,	Range	3W
SW 1/4	of	NW 1/4	of	Section	2,	Township	3S,	Range	3W
SW 1/4	of	NW 1/4	of	Section	1,	Township	3S,	Range	3W
E 1/2	of	NE 1/4	of	Section	2,	Township	3S,	Range	3W
N 1/2	of	NW 1/4	of	Section	1,	Township	3S,	Range	3W
All	of	SW 1/4	of	Section	36,	Township	2S,	Range	3W
All	of	SE 1/4	of	Section	36,	Township	2S,	Range	3W
All	of	NE 1/4	of	Section	36,	Township	2S,	Range	3W
S 1/2	of	NW 1/4	of	Section	31,	Township	2S,	Range	2W
All	of	S 1/2	of	Section	31,	Township	2S,	Range	2W
W 1/2	of	SW 1/4	of	Section	32,	Township	2S,	Range	2W
NW 1/4	of	NW 1/4	of	Section	5,	Township	2S,	Range	2W
NE 1/4	of	NE 1/4	of	Section	6,	Township	2S,	Range	2W

Kennecott Corporation
10 East South Temple
P.O. Box 11248
Salt Lake City, Utah 84147
(801) 322-7000

RECEIVED

SEP 15 1992

DIVISION OF **Kennecott**
OIL GAS & MINING

September 15, 1992

DOGM
MINERALS PROGRAM
FILE COPY

Utah Department of Natural Resources
Division of Oil, Gas and Mining
Suite 350
3 Triad Center
355 West North Temple
Salt Lake City, Utah 84180-1203

ATTENTION: D. WAYNE HEDBERG

Gentlemen:

RE: BARNEYS CANYON MINE

We are enclosing Surety Rider to increase Bond No. .o \$3,020,000 as discussed when I delivered my letter of September 3, 1992, with replacement bond for \$2,700,000. Revised Reclamation Contract is in process and will be provided as soon as possible.

Sincerely,



R. B. Kennedy
Director, Treasury Services

enclosure

cc: M. P. Bates (without enclosure)
D. I. Hodson (without enclosure)



SURETY RIDER

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY
OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

To be attached to and form a part of

Bond No.

Type of

Bond: RECLAMATION BOND

dated
effective

(MONTH-DAY-YEAR)

executed by KENNECOTT CORPORATION
(PRINCIPAL)

and by SAFECO INSURANCE COMPANY OF AMERICA

as Surety,

in favor of STATE OF UTAH, DEPT. OF NATURAL RESOURCES
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

INCREASING BOND AMOUNT

FROM: \$2,700,000.00

TO: \$3,020,000.00

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider
is effective

(MONTH-DAY-YEAR)

Signed and Sealed 9/4/92

(MONTH-DAY-YEAR)

KENNECOTT CORPORATION
(PRINCIPAL)

By: R. B. Kennedy

(PRINCIPAL)

R. B. Kennedy, Assistant Controller / T. A. Stevenson, Vice President Control &
SAFECO INSURANCE COMPANY OF AMERICA Treasury

By: David Rye

(ATTORNEY-IN-FACT)

RECEIVED

SEP 15 1992

DIVISION OF
OIL GAS & MINING

SEP 11 1992

CONTROLLER

DOGM
MINERALS PROGRAMS
FILE COPY



POWER
OF ATTORNEY

SAFECO INSURANCE COMPANY OF AMERICA
GENERAL INSURANCE COMPANY OF AMERICA
HOME OFFICE: SAFECO PLAZA
SEATTLE, WASHINGTON 98185

No. _____

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

-----INGRID NYE-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 29th day of June, 1987

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh A. Dickey, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 4th day of September, 1992

EXHIBIT C
CONDITIONED APPROVAL OF PERMIT REVISION

On October 20th, 1992, the Division approved the permit revision for the Barney's Canyon Mine, subject to the following condition:

The determinations regarding variances requested for highwalls (R647-4-111.7) and revegetation (R647-4-111.13) are withheld pending the decision of the Board of Oil, Gas and Mining following its formal hearing. The project expansion may proceed as proposed, except for those portions of the mine development and reclamation plan which may be affected by these variances.

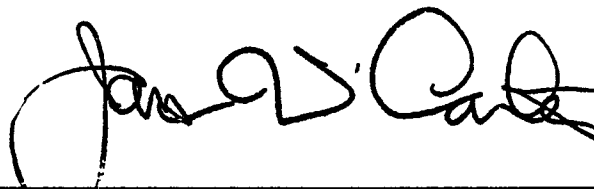
That formal hearing was requested during the public comment period and has been scheduled for December 2, 1992.

Kennecott has been informed by letter dated October 20, 1992, that, depending on the decision of the Board, Kennecott may be required to revise its mining and reclamation plan and reclamation surety, as relates to the mine expansion and requested permit revision.

This notice is incorporated by exhibit in this Reclamation Contract on the 20th day of October, 1992.



Dianne R. Nielson, Director
Division of Oil, Gas and Mining
State of Utah



James W. Carter, Chairman
Board of Oil, Gas and Mining
State of Utah